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Business cards that clients will keep

Keeping a watchful eye on computers

Are you up-to-date with diagnostics?

JULY 1990

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

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HOW MUCH SHOULD I PAY MY ASSOCIATES?

Dr. Ross Clark answers the question he hears most often.

Plus, a special roundtable on staff compensation.

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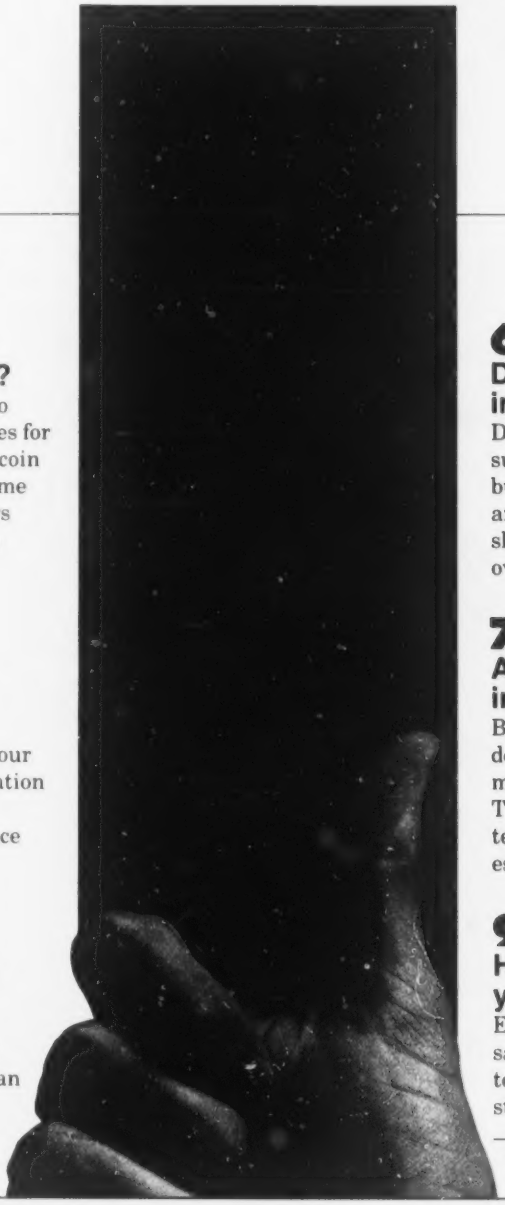
JULY 1990



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MEMO FROM THE EDITOR

Sharing the burdens and the opportunities

Dr. Ross Clark fields a lot of management questions, but none more often than "how much should I pay my associates?" There are, of course, variations—most notably, "how much should I *be* paid," a query foremost in the minds of debt-burdened graduates. By answering these questions, Dr. Clark risks alienating everybody: employers expecting to justify the salaries they pay; employees expecting clear-cut evidence that they should earn more.

Of course, expecting a payment formula to please everybody is unrealistic, to put it mildly. In any business, there will inevitably be struggles between those who think they are paying too much and those who think they are being paid too little. In Dr. Clark's compensation strategy, however, there is an escape hatch designed to make *everybody* happy: a bonus incentive plan based on individual production. Associates are guaranteed a base salary, yet they also are guaranteed to make more for themselves *if* they make more for the practice.

Incentive-based pay is not unanimously accepted as a good idea, as you will see in the roundtable discussion that follows Dr. Clark's article. Yet I think you will also begin to see the interesting advantages posed by a payment system that shares both the burden *and* the opportunity of practice growth. An associate veterinarian recently told me that working for incentive-based pay gave her invaluable insights on how a practice looks from an owner's point of view. In every client transaction, she saw not only more (or less) money for her boss, but her own livelihood. I can't help but think that the inevitable struggles over pay would subside if the employer and employee spent more time on the same side of the table. What do you think?

Becky Turner

Rebecca R. Turner

veterinary economics

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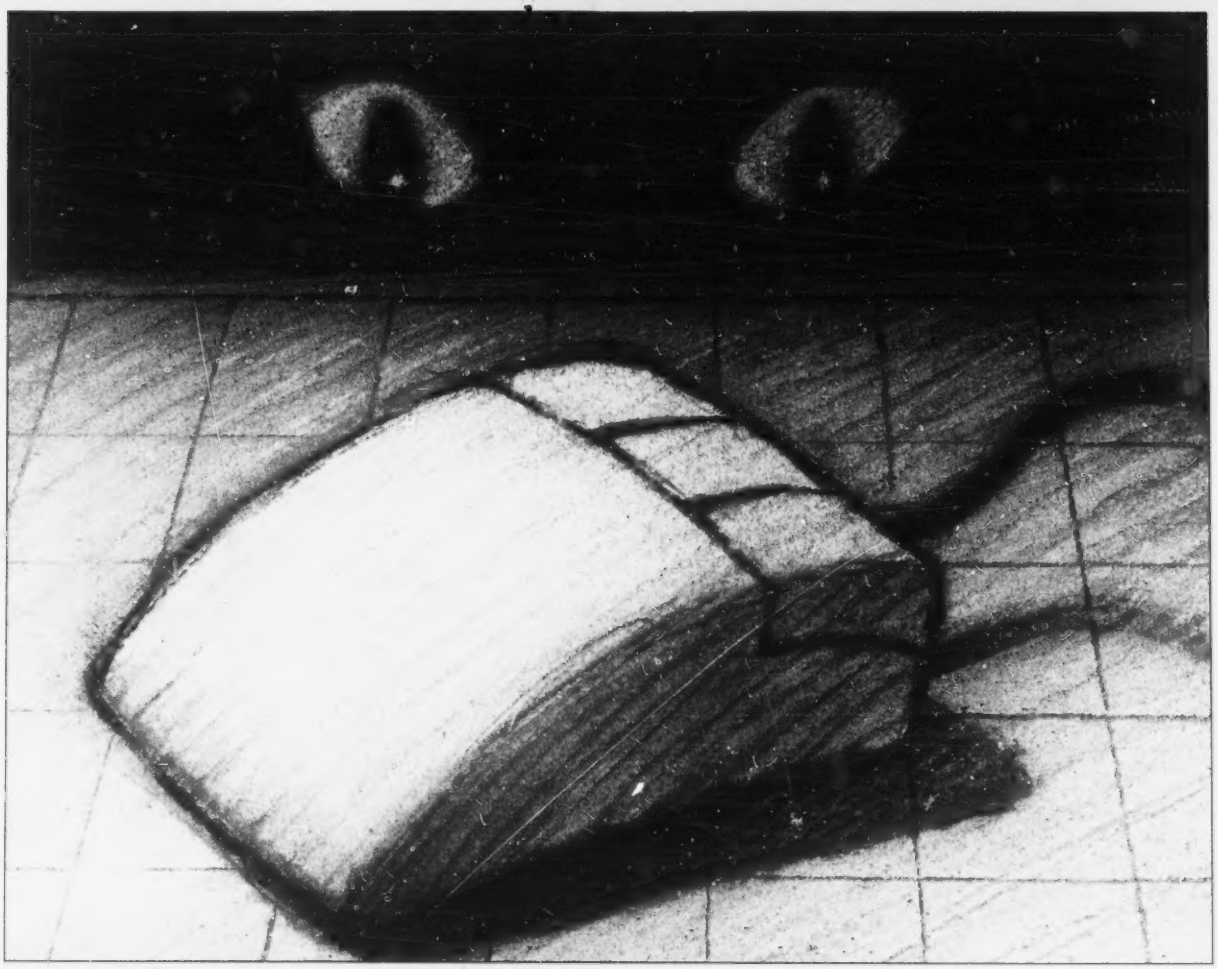


KEEPING A WATCHFUL EYE ON COMPUTERS

We asked your colleagues what they like—and don't like—about their computer systems. More than 250 pounced on the opportunity to share the highs and lows of computer ownership.

By John Lofflin

"Oh wicked wit and gifts, that have the power so to seduce!"

–William Shakespeare

Shakespeare, it seems, had something to say of the love/hate relationship today's veterinarians have with their computers. The "seductive power" of these machines comes ringing through the responses of some 250 of your computer-owning colleagues, all of whom answered a poll that was conducted in the January issue of VETERINARY ECONOMICS. When an earlier survey revealed that almost 50 percent of all veterinarians own a computer, the time seemed ripe to ask if computer owners are actually *happy* with this technology.

A statistical accounting of the responses we received begins on page 51, but the numbers don't tell the whole story: In the comments practitioners wrote throughout the survey, and in attached letters and notes, they reveal that the computer is a seductress of astonishing power in the veterinary clinic. Their comments also reveal that they have been reluctant, weary, sometimes-defeated suitors who sing the praises of their software as often as they curse it. ▶

THE AUTHOR, a contributor to THE NEW YORK TIMES, teaches journalism at Park College, in Parkville, Mo.

Let's talk money first

Contributing financial editor Owen McCafferty, CPA, advises veterinarians *not* to buy a piece of equipment if they can't make money with it. We asked the poll respondents if their computers paid their own way. The response? A resounding "yes!" Three of every four veterinarians who responded say that their computers have earned their own keep; 9 percent say it's too early to tell.

Veterinarians also report that they are purchasing increasingly expensive systems and software. No longer satisfied to have a computer simply to sort and write reminders, many doctors told us that they've purchased multiple systems and set them talking to each other. Those who aren't networking have single units throughout the hospital.

The practitioners who praised their systems cited their computers' ability to generate reminders, keep better track of fees and inventory, and make the practice —and its employees—more efficient. Those who criticized the systems find them to be more work than they had anticipated or less reliable than they had hoped. Consider these responses from among those who are pleased:

- We went from $4,500 down the year before we bought the computer to $21,000 up the first year, $16,000 up the second year, and $18,000 up the third year.
- Our computer paid for itself in four months.
- Our gross went up 20 percent immediately.
- Our average charge per client visit went from $40 to $50.
- The computer has paid for itself three or four times over.
- Our system saves me about six employee hours per day.
- Just on fee schedules and estimates, the computer created a $40,000 increase per year.
- Even after only seven months, the time it has saved on daily/monthly reports and reminders is well worth the investment.

"The time savings is incredible," one South Carolina veterinarian wrote. "The computer takes about seven minutes to check each patient and make a file to be printed for all procedures due. Add about 10 minutes for it to print up to 250 reminders." The doctor added that a colleague used a computer to send new vaccine notices to all of his cat owners, and "the income generated from that one mailing more than paid for his investment."

An Idaho veterinarian made his position clear: "I would not return to a BC (Before Computer) practice." Another agreed: "We could not practice without it." Although the computer has not paid for itself in one Massachusetts small animal practice, the doctor wrote, "It has made life much easier, and for that reason it has been worth the luxury."

Others are not so enamored with the earning power of their computers. A typical response from those with complaints: "It takes more time for data entry than it saves in reminders, and one must modify the practice to an inflexible computer rather than vice versa."

Those struggling with their computers had few positive remarks: "Reports are difficult to obtain, the reminder system is poor, and the support is questionable." Another doctor wrote, "One type of work has been replaced with another." One who is pleased overall with his system offered this caveat: "It does what I wanted, but when it goes down, it is a disaster. It is not as flexible a system as I had hoped for."

A New York practitioner wrote, "It probably took five years to pay for itself, and that's the useful life of our central processing unit." A North Carolina practitioner

TRACKING LOST CHARGES

Lost charges plague most veterinarians, but nearly nine of 10 practitioners say their computers help them stick to fee schedules. One poll respondent said that his average client fee has doubled since he began keeping track of it by computer. Another practitioner wrote, "by stopping lost charges, the practice gross income increased from $230,000 annually to $310,000." According to a Texas small animal practitioner, "taking the fee charges away from the veterinarian is worth the cost alone!"

THE STATS ON COMPUTER SATISFACTION

In the January 1990 issue of VETERINARY ECONOMICS, we asked you and your colleagues to let us know how happy you are with your computer systems. More than 250 practitioners responded. Their statistical answers are plotted in the graphs below and on the following pages. The numbers, however, tell only part of the story. Your colleague's comments—scribbled in the margins and presented in long, eloquent letters—are reported in the accompanying article.

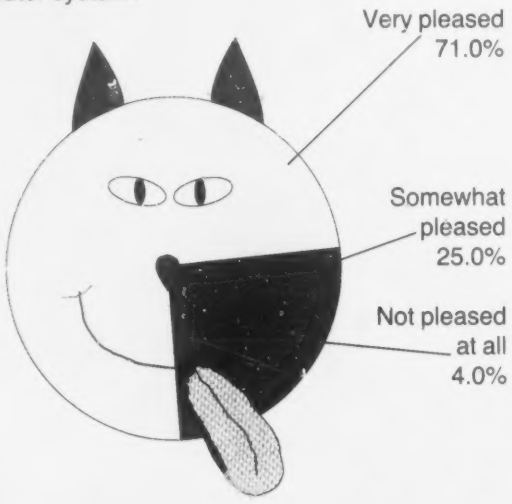
- In what year did you purchase your current computer system?

	% response
1980	0.4
1981	0
1982	1.6
1983	2.4
1984	5.6
1985	8.0
1986	13.6
1987	14.4
1988	23.2
1989	29.2
No answer	1.6

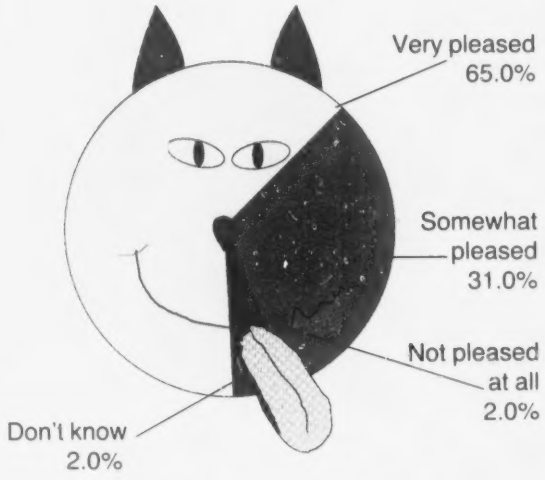
- Did your practice own a computer prior to the one you have now?

Yes	20.8%
No	77.6%
No answer	1.6%

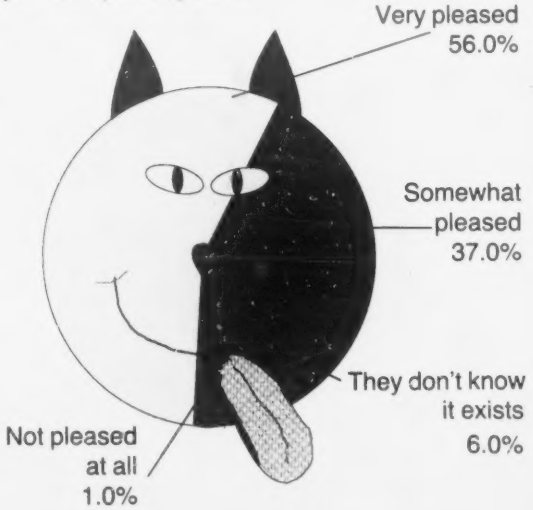
- In general, how pleased are *you* with your computer system?



- In general, how pleased are *your employees* with your computer system?



- In general, how pleased are *your clients* with your computer system?



snapped, "We lost $25,000, out the window." His system was purchased in 1986 and "turned off" in 1987.

What did you expect?

Although the percentages look strong for how well computer systems meet their new owners' expectations, more than a few doctors took the time to register complaints. In fact, nearly two of every five practitioners who responded said that their computers have fallen short of the goals they set for them. From among the poll respondents' comments:

- Software just doesn't do everything we need it to, although it has helped our business.
- I have not been able to perform several tasks the system was supposed to perform.
- I would like to see more updates and details.
- It exceeded in targeting clients and marketing. It has fallen short where it is labor-intensive and where training is concerned.
- It does what we wanted it to do, but not as fast or as easily as we thought.
- It has taken longer to get everything on-line than I expected. I need more capacity and faster hardware than I anticipated.
- It is difficult for me to understand the software program and to use it.

Not all of the responses were negative. A New York mixed animal practitioner put it simply: "It does more than I dreamed possible." Another described his system as "more versatile and powerful than originally anticipated."

"I had no idea how efficient it would be," one South Carolina practitioner wrote. "The time we used to take to reference the card in the file is enough time to find the patient record on the computer and have that patient on the examination table."

Same system, different response

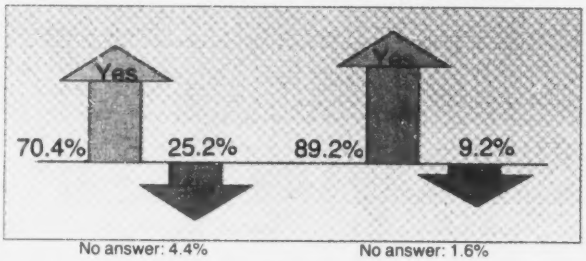
We asked the respondents to indicate which computer system they use, and their answers included all of the major systems in the market, plus a wide variety of oth-

DOES YOUR COMPUTER DO ITS JOB?

According to Owen McCafferty, contributing financial editor, "In a veterinary practice, profit is generated through greater volume, price-rate increases, adherence to fee schedules, or increased staffing efficiency that results in lower operational costs. If you computerize, the computer *must* earn its way through a combination of these factors." The majority of our poll respondents give their computers high marks in each of these areas:

Does your computer contribute to:

- Increased practice volume?

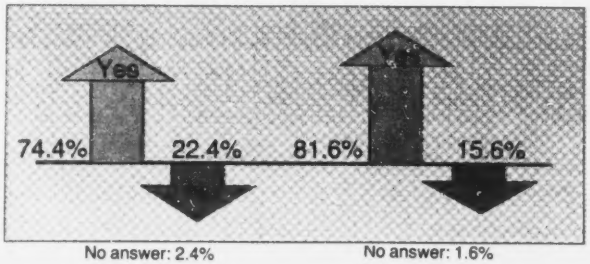


No answer: 4.4%

- Your adherence to fee schedules?

No answer: 1.6%

- Systematic price-rate increases?



No answer: 2.4%
Don't know: 0.8%

- The efficiency of your staff?

No answer: 1.6%
Don't know: 1.2%

er providers as well. In a system-by-system comparison, we encountered a wide variety of responses. For example, a New York doctor said of his computer system, "It was easier to institute and work with than I anticipated." A Virginia user of the same system said it was poorly designed and "a real headache."

In another case, a respondent said his software "just doesn't do everything we need it to." A colleague using the same system wrote, "We have few complaints and we expected a lot." The user of a third system said, "It is very easy to work with"; a colleague using the same system wrote that "the manuals are poor and it works only because we spent a great deal of time and money making it work."

For a truly mixed bag of results, consider these comments, all about the same computer system:

- From a Virginia mixed animal practitioner: "Inventory control was much easier."
- From an East Coast small animal practitioner: "We're always finding problems that are not easily solved."
- From a Georgia mixed animal practitioner: "It does more useful things than anticipated."
- From a New York small animal practitioner: "Updates allow us to do things we didn't even think of two to three years ago."
- From a Michigan equine practitioner: "I dislike a program making decisions for me."

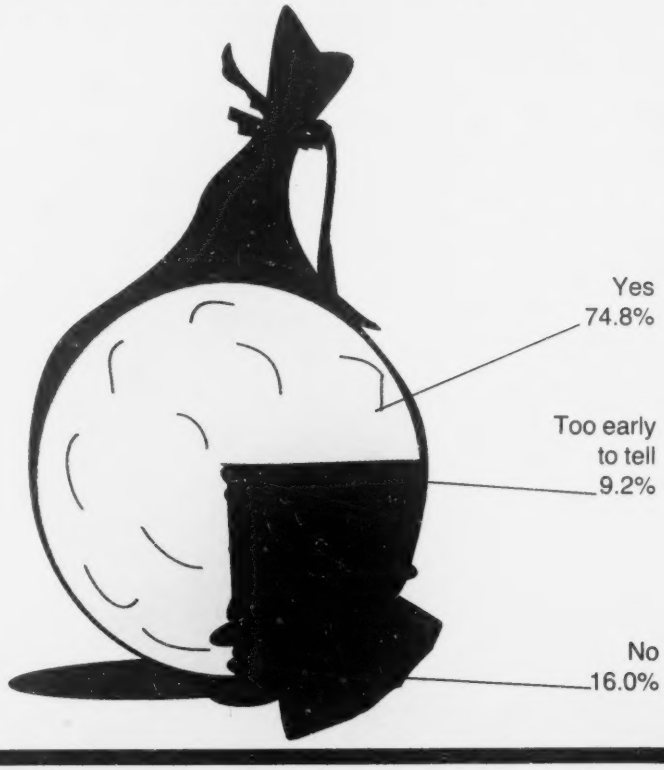
Many other practitioners said they appreciate the decision-making information their computers provide. Several, in fact, indicated that their computers have made it possible to isolate the most profitable areas of their practices. For example: "I have a much better idea at any given time where my practice stands financially." Another veterinarian wrote, "my computer facilitates market analysis, compiles statistics, and provides practice analysis."

At your service?

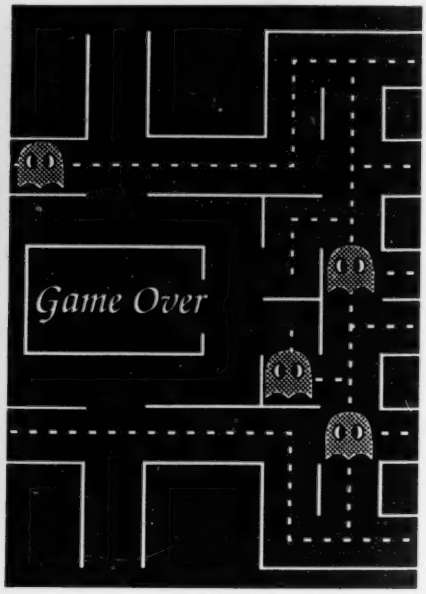
Although many veterinarians are pleased with the service they receive from their vendor, nearly one in four respondents said that the service falls short of their expectations. As before, the com-

MONEY BAGS

Owen McCafferty, CPA, says that "*any* acquisition within your practice must be based on the potential return on your investment. Don't buy a piece of equipment if you don't expect to make more money with it." We asked the computer owners, "Have you realized a return on your initial investment?" Their response:



Don't Get Lost in a Computer Maze!



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ments vary widely, even when the same system is discussed. For example, a Virginia small animal practitioner wrote: "I didn't get instruction material for eight months despite repeated calls." But a Michigan veterinarian who owns the same system wrote, "When you call, you get an immediate answer—not an answering system with a callback."

In another instance, a mixed animal practitioner in Minnesota wrote, "the telephone support attitude is degenerating," while a New York owner of the same system raved, "They bend over backwards to help us get up and running and solve any problems or questions we have."

According to the respondents, support problems center on several key areas. For example, many doctors are annoyed about the difficulty they have reaching vendors for help. A Michigan practitioner wrote, "Major problems were cleared up quickly; however, response time for small (but annoying) problems is too slow." A Cincinnati, Ohio, doctor said he's giving up on the vendor completely. "We do no business with them at all now—we had very poor service all along."

Among the other service areas that drew complaint: shipping costs for hardware repair, lack of documentation, and poor operating manuals. "The manual stinks!" one doctor wrote.

Another point of practitioner ire: program updates. More than a few veterinarians have been promised updates that have yet to arrive. "Support has been a farce. Promised updates have never taken place," wrote a Florida small animal practitioner.

To be sure, many practitioners praised the service they've received. One practitioner said his system has exceeded expectations "because of the vendor's continuous updates and terrific support." Among the other positive comments from respondents, about a variety of vendors:

- We had high expectations of our vendor, and so far, we've been pleased with the results.
- They cannot be beaten in the area of software support.
- They were available at 9 p.m. one night, and they helped us resolve our problem right then.
- They are there when you need them.

I wish my computer would. . .

Although some respondents wanted the world when asked what they *wish* their computers could do (see the box on page 57), others took a more serious approach. Some told us they wish they could learn how to use more of the available functions. Others wished for more flexibility, compatibility, and speed.

Many doctors would like for their computers to do things *their* way. For example, they want their systems to:

- generate more reports tailored to my practice
- align itself more with my CPA's needs
- track inventory purchases —not just sales

- search for married clients who have two names
- take what I put into the histories and translate it into transactions for invoicing
- give me a weekly comparison of vendors' prices
- reproduce our local rabies certificate
- create a list of patients to check on in two or three days.

Other practitioners wish their systems would be more friendly with others. In particular, they want hardware and software that can use commercial word processors, data bases, and spread sheets. They also want machines with "window capabilities," which allow two programs to run at once. Many of those who don't have networking capabilities said they wish they had.

Words of wisdom

When asked what advice they have for their colleagues, many of the computer-owners said the same thing: Choose your computer carefully. One doctor suggested taking "time to assess practice goals first, because a computer will add complexity and overhead to your practice and create the need for major staff adjustment."

Most practitioners emphasized the need for good research before purchasing a computer, and many suggested observing a system firsthand—and in use by a veterinarian. "View the system you want to buy with a practitioner using the system," one suggested.

A New York small animal practitioner suggested this route: "Narrow the search to two or three programs, then pick the one that suits your practice. But don't waste time dreaming. Just do it." A Texas small animal doctor recommended a more patient timeframe. "Spend a year looking," he wrote, "and talk with those who've been on-line a long time."

Others said to involve your receptionist in the decision. "Look at a number of installed computer systems—at least two or three," one retired practitioner wrote. "Then send your receptionist to visit one." A San Jose, Calif., veterinarian suggested that you "see it in action at another hospital and talk to the receptionist who uses it most. Be sure to ask her, 'How much down time?' "

"See how the system runs with *you* at the controls, not a system demonstration by a representative," one practitioner cautioned. "Check out all the available systems, write down lots of questions. Make comparison lists and don't be in a hurry. Expensive does not always mean best, but a few extra dollars now can save you a lot to time and heartache and troubles later."

"Look, look, look, and don't ex-

THE WIT AND WISDOM OF COMPUTER OWNERS

We asked the poll respondents for a "wish list" of computer functions and received many serious, thoughtful replies. We also received the following:

I wish my computer would . . .

- multiply itself so I could keep one on every desk in the hospital.
- work hassle-free.
- run itself.
- copy, fax, and cut the grass.
- refuse to malfunction.
- make all clients pay cash.
- make my receptionist/bookkeeper happy.
- enter its own data.
- not self-destruct.
- make farm calls.
- cost less.
- run for an entire month without calling the service person.
- make night calls.
- eliminate all the veterinary practices within a five-mile radius.
- run the practice completely so I could get a little more time off. Unfortunately, it didn't come with appendages to shake hands, do surgery, or draw up a syringe.
- print money.

pect miracles," a New York practitioner said. Another doctor was more anxious: "Do it as quickly as possible." A Louisiana mixed animal doctor simply wrote, "Good luck. It's a crap shoot."

Many practitioners emphasized the need for a willing staff. "The professional staff must be committed to becoming computer-proficient. Delegating the computer operations to the lay staff is a mistake on several counts. Once minimal proficiency is attained by the professional staff, they will find that they can access the data quicker and more accurately than by requesting support staff to get it for them. To make this a reality, one must have multiple access points throughout the hospital."

A New York dairy practitioner recommended learning about computers at home. "Buy a home computer, a good spread sheet and word processor, and learn why they are so important," he wrote. "Buy a business computer after you learn something and use a data base system for yourself."

"Two things will happen if the doctor is not interested in learning all about the program so that he or she understands it as well as anyone in the practice," warned one veterinarian. "First, it will not be used to its capacity. Second, if you depend on a staff member for computer knowledge, there will be unfair leverage exercised."

"Be prepared emotionally because your practice becomes very disorganized for one to two weeks after you computerize," one practitioner said. "Be patient," wrote another, "It takes a long time to get everything into the computer system." An Arizona doctor wrote, "Be sure your office is organized and efficient currently. Do not expect the computer to do that for you."

How do you place computers in perspective for *your* practice? Consider these comments from two of your colleagues. One wrote, "A computer will benefit all your clients, your patients, and your staff. No other piece of equipment will do that. Don't cut corners on your computer system!"

Another stated, simply, "The longer you wait, the farther I get ahead of you." ■

DID YOU GET WHAT YOU EXPECTED?

When asked to comment on how well their computer systems and vendors met their expectations, the respondents gave the following replies:

Has your system/vendor:	System	Vendor*
Exceeded expectations	31.2%	26.8%
Met your expectations	50.4%	48.4%
Fallen short of your expectations	18.4%	23.2%

*No response: 1.6%

STARTING FROM SCRATCH

Finally, we asked the respondents what they'd do if they started over. The majority of the computer owners are pleased with their computers, and most would purchase the same system again. Only 2 percent would forget about computers altogether, strong indication that these technological wonders are here to stay.

If you had to do it all over again, would you:

Purchase the same system	72.0% *
Purchase another system	14.4%
Do more research before buying	13.2%
Not buy a computer at all	2.0%
Don't know	0.4%
No answer	0.4%

*Exceeds 100% due to multiple responses.